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I. 1  
11-5-04Karen  
Swanson/R5/USEPA/US

11/05/2004 03:15 PM

To

Subject Fw: Centrum reaches deal with Lehman to take over Grand  
Pier

I think this is it.

- Karen

Karen Swanson  
 Librarian, ASRC Aerospace Corp.  
 U.S. Environmental Protection Agency  
 Region 5 Library (PL-12J)  
 77 W. Jackson Blvd.  
 Chicago, IL 60604  
 swanson.karen@epa.gov  
 312-886-7465 (phone)  
 312-353-2001 (fax)

----- Forwarded by Karen Swanson/R5/USEPA/US on 11/05/2004 03:15 PM -----

Karen  
Swanson/R5/USEPA/US@EP  
A

To

Subject Centrum reaches deal with Lehman to take over Grand Pier

11/05/2004 03:13 PM

Please respond to  
 Karen  
 Swanson/R5/USEPA/US@EP  
 A

This story was sent to you by: Swanson

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 Centrum reaches deal with Lehman to take over Grand Pier  
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THOMAS A. CORFMAN

November 3, 2004

Centrum Properties Inc. has reached an agreement with Lehman Brothers Holdings Inc. to take over Grand Pier, the once-stalled Streeterville mixed-use project that was the scene of a hard-fought battle between developer Raymond Chin and his lenders.

After gaining control of the 2.5-acre site in 2003, Lehman, the mezzanine lender on the project, resumed construction of the first phase, a 750-car garage and retail space, anchored by a 55,500-square-foot Dominick's supermarket.

Earlier this year, the New York investment bank hired the Chicago office of real estate firm Rockwood Realty Associates LLC to market the property, putting an ambitious \$100 million price tag on the site, which is zoned for a 583-unit residential tower and a 480-room hotel.

Terms of the Centrum deal could not be determined, but Lehman Brothers would likely remain as a financial partner, sources said.

John McLinden, a partner with Chicago-based Centrum, declined to comment.

Carmine Visone, managing director with Lehman who is handling the deal, could not be reached for comment.

Meadows acquisition: As expected, a joint venture of Boston-based Intercontinental Real Estate Corp. and Chicago-based Golub & Co. last week completed the acquisition of the northwest suburban Meadows Corporate Center.

"Obviously, the office markets are not strong, but we hope there will be enough of a rebound that these buildings will more than hold there," said Golub President Michael Newman, citing the high visibility and solid construction of the two-building complex at 2850 and 2550 W. Golf Rd., in Rolling Meadows.

In the midst of negotiations, a key tenant, Navistar Financial Corp., disclosed that it would move out in 2006. As a result, the price slipped to about \$46 million, sources said.

Real estate firm Cushman & Wakefield Inc. represented the seller, the Government of Singapore Investment Corp.

Hancock's Elite lease: Trammel Crow Co. said it represented Elite Business Centers in the executive suite firm's third downtown lease. It took 32,300 square feet at the John Hancock Center, owned by Shorenstein LP.

The fledgling Los Angeles-based chain has also signed a lease at 1 S. Dearborn St., the skyscraper being developed by the Chicago office of Hines Interest LP, to go with its first location, at AT&T Corporate Center, 227 W. Monroe St.

Canal Street freeze: Real estate entrepreneur Robert Berliner Jr. alleges that businessman Edward T. Heil is freezing him out of a partnership to develop a site at 300 N. Canal St., according to a lawsuit filed in Cook County Circuit Court. The site once housed bottle distributor W.F. Braun Co.

In court papers, Heil, an investor whose interests include residential real estate firm Sudler & Co., denies forming a partnership with Berliner, but admits that he consented to the filing of a city zoning application that listed Berliner as a one-third owner. A Heil-owned company holds title to the property, which Berliner says was merely a vehicle for the partnership.

The dispute could put in jeopardy a pending deal that Heil has with Chicago developer Steven Fifield, who would build a 39-story, 450-unit apartment building on the site.

Heil's attorney could not be reached for comment. Stephen Novack, partner in Chicago-based Novack and Macey, which represents Berliner, said there have been no settlement talks since the lawsuit was filed this summer.

Occupancies up, rates down: The Chicago-area hotel market is holding its own, but only after a cutback in room rates. In the central business district, for example, the occupancy rate for the first three quarters of 2004 was 70.7 percent, compared with 70.5 percent for the same period in 2003.

But the average daily room rate dropped 2.4 percent, to nearly \$150 a night, compared with the same period last year, according to consultant T.R. Mandigo & Co., citing statistics from Smith Travel Research.

Ted Mandigo, president of the Elmhurst-based firm, expects those trends to continue in the fourth quarter. "We may be lucky and break even on room rates, compared with last year."

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Hotel occupancy holds up--with lower rates

Chicago-area innkeepers have had to trim room rates in order to maintain occupancy levels, according to a comparison of the year-to-date statistics for the first three quarters of 2004 and the same period in 2003.

OCCUPANCY RATE DAILY ROOM RATE

MARKET AREA 2003 2004 2004 Change 2003

Lake County 59.8% 60.1% \$77.24 -1.9%

North Side and suburbs 56.2 57.1 79.45 1.1

Northwest suburbs 54.5 56.7 69.84 -1.4

O'Hare 62.8 67.1 96.36 0.1

DuPage County 58.2 59.3 78.11 -0.7

South Side and suburbs 57.0 59.7 69.15 0.8

Southwest suburbs 59.1 59.1 65.22 3.4

Central Business District 70.5 70.7 149.53 -2.4

Metropolitan area 61.4 62.7 100.55 -1.2

Source: T.R. Mandigo & Co. and Smith Travel Research

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